

# **INDIANA HOUSING FINANCE AUTHORITY MORTGAGE CREDIT CERTIFICATE PROGRAM RESERVATION REQUEST PROCEDURES**

## ***Preliminary Eligibility Review***

Before making a reservation request, the Participating Lender is required to receive a fully executed Purchase Agreement. The Participating Lender should then determine if the home is located in a Targeted Area or Non-targeted Area and whether the borrower qualifies as to income, acquisition cost of the home and prior home ownership. **NOTE: YOU CANNOT RESERVE A LOAN THAT YOU CANNOT CLOSE IN YOUR OWN NAME, i.e. IF YOUR COMPANY CANNOT CLOSE A VA LOAN IN YOUR NAME DO NOT RESERVE IT. THE BORROWER CANNOT EXECUTE IHFA'S DOCUMENTS WITHOUT AN IHFA RESERVATION NUMBER.**

## ***Reservation Request***

Reservation requests are made by fax. IHFA's reservation fax number is (317) 233-2558. **The Reservation Checklist must be TYPED OR PRINTED LEGIBLY. A RESERVATION WILL NOT BE ACCEPTED FOR ANY RESERVATION CHECKLISTS THAT ARE ILLEGIBLE OR INCOMPLETE. All reservations will be accepted on a first-come first-serve basis and are always subject to availability of funds.** The Participating Lender must provide the following information at the time the reservation is made:

- (a) Lender's ID#
- (b) Borrower(s) name(s) (Last, First, Middle Initial)
- (c) Property Address
- (d) City, Zip, and County in which property is located
- (e) Whether the property is a new or existing residence
- (f) Whether the property is located in a Targeted Area or a Non-Targeted Area
- (g) Loan Type (FHA, VA, USDA Rural Development or conventional)
- (h) Borrower(s) social security number(s)
- (i) Purchase (Sales) Price
- (j) First Mortgage Amount **w/MIP** (if applicable)
- (k) Interest Rate
- (l) Borrowers yearly gross income
- (m) Co-Borrower's and anyone else residing in the household's yearly gross income;

IHFA will confirm the reservation number(s) by fax the next business day to the reservation contact on the Participation Agreement. If you do not receive confirmation of your reservation look over your reservation checklist to see if there is an error or an omission. After correcting or completing the form re-fax it to IHFA. IHFA will make every effort to communicate when a reservation is not taken. ***The reservation number should be listed on all correspondence and included in all inquiries concerning the reservation***

The reservation confirmation should be placed in the Borrower(s) file for future reference.

Within ten (10) days, or when the application package is submitted to IHFA for review the participating lender must furnish IHFA with:

- (a) A check (Borrower(s)' certified funds or Participating Lender's check) payable to the Authority for the applicable reservation fee; and
- (b) A copy of the lender's pre-application form (1003).

Any reservation fee overage will be refunded with the processing fee after the MCC is issued.

### ***Cancellation***

The reservation fee and a copy of the application (1003) are due to IHFA by the tenth (10<sup>th</sup>) day after the reservation is made. If the required documents are not received by IHFA within ten (10) calendar days, the reservation will be canceled by IHFA. Refunds must be requested in writing and the refund will be sent to the lender who reserved the loan.

If the reservation is canceled by IHFA because the proper documentation was not received on time, the Participating Lender may request the reinstatement of the reservation. Such request must be made in writing. Reinstatement will be approved at IHFA's discretion and subject to the availability of funds, receipt of the application (1003), receipt of the reservation fee, and receipt of the reinstatement fee. The current fee schedule is listed in the back of this section.

**Once a reservation is canceled, the lender has thirty (30) days to reinstate the loan, subject to the availability of funds. If the loan is not reinstated by the thirtieth (30<sup>th</sup>) day, the reservation will be permanently canceled and no reinstatement will be possible.**

### ***Modifications***

A Participating Lender must request, in writing, any change to a borrower(s)' reservation, subject to the following conditions:

- (a) Mortgage amount increase requests will be subject to the availability of funds, and will not be approved until IHFA receives the balance of the reservation fee due. Please include the purchase price & loan amount (original & revised) in your written request.
- (b) Change of Address. **Requests must be submitted in writing to IHFA along with a new reservation check list and must include the reason for the change. At IHFA's discretion, the file containing the "old address" will be canceled and a new reservation will be made for the "new address". Once the file has been reserved under the new address it will be considered a new reservation in all regards. A letter requesting the cancellation of the original address loan must accompany the request for the new address loan.**
- (c) IHFA will not allow a transfer of a reservation from one borrower to another.
- (d) IHFA will allow a transfer of a reservation from one Participating Lender to another. The original Participating Lender must submit a letter stating that the reservation and the reservation fees are to be transferred to the new Participating Lender. The new Participating Lender must submit a letter stating that they will accept the transfer of the reservation with a reservation request. A new application file must be submitted. The new Lender cannot

close without an Approval Letter from IHFA with the new lender's name specified in the letter. The Loan Application will not "start over" in the IHFA processing system because of an approved lender change. **All due dates are to remain intact.**

#### ***Participating Lender's Cancellation of a Reservation***

If the Participating Lender determines that it will not close a loan for which it has received a reservation number, the Participating Lender should notify IHFA in writing as soon as possible. All refunds will be issued to the Participating Lender and mailed to the Participating Lender's contact **(checks will not be made out to or mailed to the Borrower)**. Reinstatement or extension fees are not refundable. To obtain a refund of the reservation fee, the following information must be included in the letter:

- (a) Borrower(s) name(s);
- (b) Reservation number (both first and second mortgages);
- (c) Property address;
- (d) Loan amount;
- (e) Amount of reservation fee submitted; and
- (e) Reason for cancellation.

**NOTE: Cancellation of the reservation by the lender prior to submission of the application package will result in a \$150.00 cancellation fee to be paid by the lender.**

**REFUND CHECKS ARE PROCESSED EVERY OTHER TUESDAY.**

#### ***Bi-Weekly Lender Reports***

On Thursday of every other week, IHFA will run bi-weekly lender reports on the status of all loans in process. This report will be mailed out on Friday afternoons to the person the Participating Lender has listed as its contact person on its First Home & First Home/Plus Program Registration Form. Each Participating Lender is responsible for sharing this information with its loan processors and closers. The report is **intended to eliminate** the need for telephone calls to verify loan status, expiration dates, and fee status.

A letter of explanation will accompany all reports.